

TOWNSHIP OF ISHPEMING, MICHIGAN

FINANCIAL STATEMENTS

For the Year Ended March 31, 2008

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ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

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MICHIGAN  
ESCANABA  
IRON MOUNTAIN  
KINROSS  
MARQUETTE

WISCONSIN  
GREEN BAY  
MILWAUKEE

## INDEPENDENT AUDITORS' REPORT

Honorable Supervisor and Members of  
the Township Board of Trustees  
Township of Ishpeming, Michigan  
1575 US Highway 41, West  
Ishpeming, Michigan, 49849

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Ishpeming, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township of Ishpeming, Michigan's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of Marquette, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Township of Ishpeming, Michigan as of March 31, 2008, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Honorable Supervisor and Members of  
the Township Board of Trustees  
Township of Ishpeming, Michigan

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2008 on our consideration of the Township of Ishpeming, Michigan's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 5 through 10 and 35 through 37 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Ishpeming, Michigan's basic financial statements. The combining and individual fund financial statements and schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statement. The combining and individual fund statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Anderson, Tackman & Company, PLLC*  
Certified Public Accountants

September 4, 2008

## Township of Ishpeming, Michigan

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the Township of Ishpeming's financial performance provides an overview of the Township's financial activities for the year ended March 31, 2008. Please read it in conjunction with the financial statements, which begin on page 11.

#### FINANCIAL HIGHLIGHTS

- ▶ Net assets for the Township as a whole increased by \$166,625 as a result of this year's operations. Net assets of our business-type activities increased by \$39,542 or 1 percent, and net assets of our governmental activities increased by \$127,083, or 5 percent.
- ▶ During the year, the Township had expenses for governmental activities that were \$837,849 and expenses for business type activities that were \$534,229.
- ▶ The General Fund reported a net fund balance of \$1,028,378. The net gain of, \$71,324, was \$89,150 higher than the forecasted decrease of \$17,826.

#### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 11 and 12) provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for the future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds. The remaining statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside the government.

#### **Reporting the Township as a Whole**

Our analysis of the Township as a whole begins on page 7. One of the most important questions asked about the Township's finances is "Is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Township's *net assets* and changes in them. You can think of the Township's net assets - the difference between assets and liabilities - as one way to measure the Township's financial health, or *financial position*. Over time, *increases or decreases* in the Township's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Township's patron base and the condition of the Township's capital assets, to assess the *overall financial health* of the Township.

In the Statement of Net Assets and the Statement of Activities, we divide the Township into two kinds of activities:

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

- Governmental Activities – Most of the Township's basic services are reported here, including the legislative, elections, public safety, public works, recreation and culture, community and economic development and general services and administration. Property taxes, charges for services and state sources fund most of these activities.
- Business-Type Activities – The Township charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Wastewater Treatment Fund and Water Fund are reported here.

### Reporting the Township's Most Significant Funds

Our analysis of the Township's major funds begins on page 7. The fund financial statements begin on page 13 and provide detailed information on the most significant funds – not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township Board establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using taxes, grants, and other money. The Township's two kinds of funds - *governmental* and *proprietary* - use different accounting approaches.

- ▶ *Governmental funds* – Most of the Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed *short-term view* of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and Statement of Activities) and governmental *funds* in a reconciliation which follows the fund financial statements.
- ▶ *Proprietary funds* – When the Township charges customers for the services it provides – whether to outside customers or to other units of the Township – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Township's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

### The Township as Trustee

- The Township is the trustee, or fiduciary, for assets that – because of a trust arrangement – can be used only for the trust beneficiaries. All of the Township's fiduciary activities are reported in separate Statements of Fiduciary Net Assets on page 20. We exclude these activities from the Township's other financial statements because the Township cannot use these assets to finance its operations.

The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

# MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

## The Township as a Whole

Table 1 provides a summary of the Township's net assets as of March 31, 2008 and 2007.

Table 1  
Net Assets

	2008			2007		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Current and other assets	\$ 2,118,105	\$ 1,729,101	\$ 3,847,206	\$ 1,902,928	\$ 1,624,738	\$ 3,527,666
Capital assets, net	675,103	2,721,455	3,396,558	755,098	2,778,894	3,533,992
Total Assets	2,793,208	4,450,556	7,243,764	2,658,026	4,403,632	7,061,658
Current liabilities	85,398	66,459	151,857	58,235	59,077	117,312
Non-current liabilities	74,548	-	74,548	93,612	-	93,612
Total Liabilities	159,946	66,459	226,405	151,847	59,077	210,924
Net Assets:						
Invested in capital assets, net of related debt	675,103	2,721,455	3,396,558	755,098	2,778,894	3,533,992
Restricted	-	-	-	-	-	-
Unrestricted (deficit)	1,958,159	1,662,642	3,620,801	1,751,081	1,565,661	3,316,742
Total Net Assets	\$ 2,633,262	\$ 4,384,097	\$ 7,017,359	\$ 2,506,179	\$ 4,344,555	\$ 6,850,734

Net assets of the Township's governmental activities stood at \$2,633,262. *Unrestricted* net assets—the part of net assets that could be used to finance day-to-day activities without constraints established by debt covenants, enabling legislation, or other legal requirements stood at \$1,958,159.

The \$1,958,159 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The net assets of our business-type activities stood at \$4,384,097. The Township can generally only use these net assets to finance continuing operations of the Water and Sewer System operations.

The results of this year's operations for the Township as a whole are reported in the Statement of Activities (see Table 2), which shows the changes in net assets for fiscal year 2008 and 2007.

Table 2  
Change in Net Assets

	2008			2007		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 237,189	\$ 481,738	\$ 718,927	\$ 236,606	\$ 468,380	\$ 704,986
Operating Grants and Contributions	-	1,094	-	-	-	-
General Revenues:						
Property taxes	313,961	-	313,961	330,321	-	330,321
State Sources	262,890	-	262,890	262,506	-	262,506
Interest and Miscellaneous	150,892	90,939	241,831	95,835	71,966	167,801
Total Revenues	964,932	573,771	1,537,609	925,268	540,346	1,465,614

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Table 2 (Continued)  
Change in Net Assets

	2008			2007		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
<b>Program Expenses:</b>						
Legislative	\$ 7,783	\$ -	\$ 7,783	\$ 9,798	\$ -	\$ 9,798
General Services and administration	216,988	-	216,988	237,768	-	237,768
Public Safety	224,515	-	224,515	300,445	-	300,445
Public Works	240,884	-	240,884	199,012	-	199,012
Community and Economic Development	7,898	-	7,898	8,462	-	8,462
Recreation and Culture	23,259	-	23,259	10,240	-	10,240
Other Expense	116,522	-	116,522	85,411	-	85,411
Unallocated Depreciation	-	-	-	-	-	-
Water system	-	182,954	182,954	-	164,480	164,480
Sewer system	-	351,275	351,275	-	357,856	357,856
<b>Total Expenses</b>	<b>837,849</b>	<b>534,229</b>	<b>1,372,078</b>	<b>851,136</b>	<b>522,336</b>	<b>1,373,472</b>
Increase (decrease) in net assets	127,083	39,542	166,625	74,132	18,010	92,142
Net assets, beginning,	2,506,179	4,344,555	6,850,734	2,432,047	4,326,545	6,758,592
<b>Net Assets, Ending</b>	<b>\$ 2,633,262</b>	<b>\$ 4,384,097</b>	<b>\$ 7,017,359</b>	<b>\$ 2,506,179</b>	<b>\$ 4,344,555</b>	<b>\$ 6,850,734</b>

The Township's total revenues were \$1,465,614. The total cost of all programs and services was \$1,373,473, leaving an increase in net assets of \$92,142. Our analysis below separately considers the operations of governmental and business-type activities:

### ***Governmental Activities***

The net assets of the Township's governmental activities increased \$127,083 for the year ended March 31, 2008.

This was from Governmental fund net gain of \$191,498 (described under governmental funds), reclassifying Capital Outlay from expenditures to fixed assets of \$8,862, recording depreciation expense of \$88,857, reclassifying principal payments from expenditures to long term liabilities of \$21,770 and record compensated absence liability expense of \$(6,190).

### ***Business-type Activities***

During the year ended March 31, 2008, the net assets of the Township's business type activities increased by \$39,542.

Charging revenue for the bond principal payment which reflects as revenue with no expense but paying of a liability creating net income.

## **THE TOWNSHIP'S FUNDS**

As the Township completed the year, its governmental funds (as presented in the balance sheet on page 13 reported a *combined* fund balance of \$2,072,554, an increase of \$191,498 from the beginning of the year.

The general fund was increased by \$71,324. This increase was due to decreased expenditures than anticipated, and not making a transfer to the street improvement fund as budgeted.

The Fire Department has continued to cut expenses during the current year, in order to save funds for a new fire vehicle.

The Street Improvement Fund was originally budgeted for \$53,000 of revenue. \$50,000 came from the General Fund and \$3,000 interest. The transfer was not made this year, and expenditures made during the current year were slightly over budget, as the township began construction projects, leaving a decrease in net assets of \$19,886.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

### General Fund Budgetary Highlights

Over the course of the year, the Township Board did revise the budget.

The amendments to the budget were made within single departments, and did not have an effect on our overall budgeted revenues or expenditures.

Revenues were \$65,072 less than our final budget.

We overestimated the taxable value received by the Township. We also overestimated the charges for services and other revenue. We overestimated revenue by 9.1%.

The expenditures were \$104,222 less than our budget.

We budgeted for the worst case and hope we under spent, which we did.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At the end of fiscal year 2008 and 2007, the Township had \$1,191,893 and \$1,322,617 invested in a variety of capital assets including land, buildings, and other equipment. (See table 3 below)

Table 3  
Capital Assets at Year-End

	2008			2007		
	Governmental Activities	Business-Type Activities	Totals	Governmental Activities	Business-Type Activities	Totals
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land improvements	-	49,265	49,265	-	54,979	54,979
Buildings and improvements	600,181	453,383	1,053,564	626,024	495,793	1,121,817
Equipment and furnishings	74,922	14,142	89,064	129,074	16,747	145,821
<b>TOTALS</b>	<b>\$675,103</b>	<b>\$516,790</b>	<b>\$1,191,893</b>	<b>\$ 755,098</b>	<b>\$ 567,519</b>	<b>\$ 1,322,617</b>

The Township recorded \$139,587 in depreciation expense for the year and purchased new playground equipment for \$8,862.

#### Debt

At year-end of fiscal year 2008 and 2007, the Township had debt of \$49,831 and \$71,601. (See table 4 below). Refer to the footnotes for detail breakout and explanation of the Township Long-Term Debt.

Table 4  
Outstanding Debt at Year-End

	2008			2007		
	Governmental Activities	Business-Type Activities	Totals	Governmental Activities	Business-Type Activities	Totals
Landfill Bond	\$ 49,831	\$ -	\$ 49,831	\$ 71,601	\$ -	\$ 71,601

The Township has \$21,770 in principal payments for the year.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

In preparing the Township's budgets for year ending 2009, we took last year's actual numbers and added a three percent increase across the board.

### **CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Township of Ishpeming, 1575 U.S. Highway 41 West, Ishpeming, Michigan 49849.

Township of Ishpeming, Michigan

STATEMENT OF NET ASSETS

March 31, 2008

	Primary Government		
	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and equivalents	\$ 1,632,542	\$ 1,449,956	\$ 3,082,498
Investments	-	187,871	187,871
Receivables (net)	471,808	63,102	534,910
Prepaid Expense	13,755	28,172	41,927
<b>TOTAL CURRENT ASSETS</b>	<b>2,118,105</b>	<b>1,729,101</b>	<b>3,847,206</b>
Non-current assets:			
Investment in IAWTF	-	2,204,665	2,204,665
Capital assets	2,149,221	516,790	2,666,011
Accumulated depreciation	(1,474,118)	-	(1,474,118)
Total Capital Assets	675,103	516,790	1,191,893
<b>TOTAL NON-CURRENT ASSETS</b>	<b>675,103</b>	<b>2,721,455</b>	<b>3,396,558</b>
<b>TOTAL ASSETS</b>	<b>2,793,208</b>	<b>4,450,556</b>	<b>7,243,764</b>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts payable	41,903	63,738	105,641
Accrued liabilities	3,648	2,721	6,369
Deferred revenue	-	-	-
Accrued interest	-	-	-
Current portion of bonds payable	23,706	-	23,706
Other current compensated	16,141	-	16,141
<b>TOTAL CURRENT LIABILITIES</b>	<b>85,398</b>	<b>66,459</b>	<b>151,857</b>
Non-current Liabilities:			
Compensated absences	48,423	-	48,423
Bonds payable	26,125	-	26,125
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>74,548</b>	<b>-</b>	<b>74,548</b>
<b>TOTAL LIABILITIES</b>	<b>159,946</b>	<b>66,459</b>	<b>226,405</b>
<b>NET ASSETS</b>			
Invested in capital assets net of related debt	675,103	2,721,455	3,396,558
Restricted for:			
Debt Service	-	-	-
Unrestricted	1,958,159	1,662,642	3,620,801
<b>TOTAL NET ASSETS</b>	<b>\$ 2,633,262</b>	<b>\$ 4,384,097</b>	<b>\$ 7,017,359</b>

The accompanying notes are an integral part of these financial statements.

**Township of Ishpeming, Michigan**

**STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended March 31, 2008

Function / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business Type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
Legislative	\$ 7,783	\$ -	\$ -	\$ -	\$ (7,783)	\$ -	\$ (7,783)
General services and administration	216,988	-	-	-	(216,988)	-	(216,988)
Public safety	224,515	49,641	-	-	(174,874)	-	(174,874)
Public works	240,884	187,548	-	-	(53,336)	-	(53,336)
Community and economic development	7,898	-	-	-	(7,898)	-	(7,898)
Recreation and culture	23,259	-	-	-	(23,259)	-	(23,259)
Other	116,522	-	-	-	(116,522)	-	(116,522)
Unallocated depreciation	-	-	-	-	-	-	-
Total Governmental Activities	837,849	237,189	-	-	(600,660)	-	(600,660)
Business Type Activities:							
Water System	182,954	193,709	754	-	-	11,509	11,509
Sewer System	351,275	288,029	340	-	-	(62,906)	(62,906)
Total Business Type Activities	534,229	481,738	1,094	-	-	(51,397)	(51,397)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 1,372,078</b>	<b>\$ 718,927</b>	<b>\$ 1,094</b>	<b>\$ -</b>	<b>(600,660)</b>	<b>(51,397)</b>	<b>(652,057)</b>
General Revenues:							
Taxes					313,961	-	313,961
Unrestricted State sources					262,890	-	262,890
Interest and investment earnings					79,227	90,939	170,166
Miscellaneous					71,665	-	71,665
Transfers					-	-	-
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>					<b>727,743</b>	<b>90,939</b>	<b>818,682</b>
<b>CHANGE IN NET ASSETS</b>					<b>127,083</b>	<b>39,542</b>	<b>166,625</b>
Net assets, beginning of year,					<u>2,506,179</u>	<u>4,344,555</u>	<u>6,850,734</u>
<b>NET ASSETS, END OF YEAR</b>					<b>\$ 2,633,262</b>	<b>\$ 4,384,097</b>	<b>\$ 7,017,359</b>

The accompanying notes are an integral part of these financial statements.

**Township of Ishpeming, Michigan**

**GOVERNMENTAL FUNDS**

**BALANCE SHEET**

March 31, 2008

	<b>General Fund</b>	<b>Fire Department Fund</b>	<b>Street Improvement Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and equivalents	\$ 750,807	\$ 218,329	\$ 296,654	\$ 366,752	\$ 1,632,542
Investments	-	-	-	-	-
Receivables	84,287	16,693	-	2,003	102,983
Prepaid expense	9,792	3,963	-	-	13,755
Due from other funds	196,548	146,009	-	28,184	370,741
<b>TOTAL ASSETS</b>	<b>\$ 1,041,434</b>	<b>\$ 384,994</b>	<b>\$ 296,654</b>	<b>\$ 396,939</b>	<b>\$ 2,120,021</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 9,408	\$ -	\$ 32,495	\$ -	\$ 41,903
Accrued payroll and related	3,648	-	-	-	3,648
Due to other funds	-	1,916	-	-	1,916
Deferred revenue	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>13,056</b>	<b>1,916</b>	<b>32,495</b>	<b>-</b>	<b>47,467</b>
<b>FUND BALANCE:</b>					
Unreserved:	1,028,378	383,078	264,159	396,939	2,072,554
<b>TOTAL FUND BALANCE</b>	<b>1,028,378</b>	<b>383,078</b>	<b>264,159</b>	<b>396,939</b>	<b>2,072,554</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,041,434</b>	<b>\$ 384,994</b>	<b>\$ 296,654</b>	<b>\$ 396,939</b>	<b>\$ 2,120,021</b>

The accompanying notes are an integral part of these financial statements.

**Township of Ishpeming, Michigan**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS**

March 31, 2008

**Total Fund Balances for Governmental Funds** \$ 2,072,554

*Amounts reported for governmental activities in the statement  
of net assets are different because:*

Capital assets used in governmental activities are not financial  
resources and therefore are not reported in the funds

Cost of Capital Assets	\$ 2,149,221	
Accumulated Depreciation of Assets	<u>(1,474,118)</u>	675,103

Long-term liabilities, including bonds payable, are not due and payable  
in the current period and therefore are not reported in the funds.

Current portion of bonds payable	23,706	
Current portion of compensated absences	16,141	
Compensated absences	48,423	
Bonds payable	<u>26,125</u>	
		(114,395)
<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>		<u><u>\$ 2,633,262</u></u>

The accompanying notes are an integral part of these financial statements.

**Township of Ishpeming, Michigan**

**GOVERNMENTAL FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

For the Fiscal Year Ended March 31, 2008

	<b>General Fund</b>	<b>Fire Department Fund</b>	<b>Street Improvement Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES:</b>					
Taxes	\$ 125,101	\$ 158,117	\$ -	\$ 30,743	\$ 313,961
State sources	262,890	-	-	-	262,890
Charges for services	187,548	49,641	-	-	237,189
Interest	34,290	14,611	12,609	17,717	79,227
Other	39,949	12,640	-	19,076	71,665
<b>TOTAL REVENUES</b>	<b>649,778</b>	<b>235,009</b>	<b>12,609</b>	<b>67,536</b>	<b>964,932</b>
<b>EXPENDITURES:</b>					
Current operations:					
Legislative	7,783	-	-	-	7,783
Elections	-	-	-	-	-
General services and administration	178,932	-	-	-	178,932
Public safety	61,167	118,885	-	-	180,052
Public works	185,688	-	32,495	34,671	252,854
Health and welfare	-	-	-	-	-
Community and economic development	7,898	-	-	-	7,898
Recreation and culture	11,602	-	-	8,929	20,531
Other	125,384	-	-	-	125,384
Capital outlay	-	-	-	-	-
Debt service	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>578,454</b>	<b>118,885</b>	<b>32,495</b>	<b>43,600</b>	<b>773,434</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>71,324</b>	<b>116,124</b>	<b>(19,886)</b>	<b>23,936</b>	<b>191,498</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>71,324</b>	<b>116,124</b>	<b>(19,886)</b>	<b>23,936</b>	<b>191,498</b>
Fund balance, beginning of year	957,054	266,954	284,045	373,003	1,881,056
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 1,028,378</b>	<b>\$ 383,078</b>	<b>\$ 264,159</b>	<b>\$ 396,939</b>	<b>\$ 2,072,554</b>

The accompanying notes are an integral part of these financial statements.

**Township of Ishpeming, Michigan**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended March 31, 2008

**Net Change in Fund Balances - Total Governmental Funds**

**\$ 191,498**

*Amounts reported for governmental activities in the statement  
of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 8,862	
Depreciation expense	<u>(88,857)</u>	(79,995)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

(6,190)

Repayment of loan principal is an expenditure in the governmental funds but repayment reduces long-term liabilities in the statement of net assets.

21,770

**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES**

**\$ 127,083**

The accompanying notes are an integral part of these financial statements.



**Township of Ishpeming, Michigan**

**PROPRIETARY FUNDS**

**STATEMENT OF NET ASSETS**

March 31, 2008

	<b>Business - Type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Water System Fund</b>	<b>Sewer System Fund</b>	<b>Total</b>
<b>ASSETS:</b>			
Current Assets:			
Cash and cash equivalents	\$ 812,185	\$ 637,771	\$ 1,449,956
Investments	-	187,871	187,871
Accounts receivable, net	27,360	35,742	63,102
Due from other funds	-	-	-
Prepaid expense	2,494	25,678	28,172
<b>TOTAL CURRENT ASSETS</b>	<u>842,039</u>	<u>887,062</u>	<u>1,729,101</u>
Non-current Assets:			
Investment in IAWTF	-	2,204,665	2,204,665
Capital assets (net)	235,785	281,005	516,790
<b>TOTAL NON-CURRENT ASSETS</b>	<u>235,785</u>	<u>2,485,670</u>	<u>2,721,455</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,077,824</u>	<u>\$ 3,372,732</u>	<u>\$ 4,450,556</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	1,340	1,381	2,721
Due to other funds	34,738	29,000	63,738
Accrued interest payable	-	-	-
Current portion of long-term debt	-	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<u>36,078</u>	<u>30,381</u>	<u>66,459</u>
Non-current Liabilities:			
Bond payable	-	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>36,078</u>	<u>30,381</u>	<u>66,459</u>
<b>NET ASSETS:</b>			
Invested in capital assets net of related debt	235,785	2,485,670	2,721,455
Restricted - debt service	-	-	-
Unrestricted	805,961	856,681	1,662,642
<b>TOTAL NET ASSETS</b>	<u>\$ 1,041,746</u>	<u>\$ 3,342,351</u>	<u>\$ 4,384,097</u>

The accompanying notes are an integral part of these financial statements.

**Township of Ishpeming, Michigan**

**PROPRIETARY FUNDS**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

For the Fiscal Year Ended March 31, 2008

		<b>Business - Type Activities Enterprise Funds</b>	
	<b>Water System Fund</b>	<b>Sewer System Fund</b>	<b>Total</b>
<b>OPERATING REVENUES:</b>			
Charges for services (net)	\$ 193,709	\$ 288,029	\$ 481,738
Other operating revenue	754	340	1,094
<b>TOTAL OPERATING REVENUES</b>	<b>194,463</b>	<b>288,369</b>	<b>482,832</b>
<b>OPERATING EXPENSES:</b>			
Personnel services	79,117	64,066	143,183
Supplies	19,725	4,264	23,989
Other services and charges	53,040	29,688	82,728
Capital outlay	2,941	2,941	5,882
IAWTF operating contract	-	221,007	221,007
Depreciation	28,131	22,599	50,730
<b>TOTAL OPERATING EXPENSES</b>	<b>182,954</b>	<b>344,565</b>	<b>527,519</b>
<b>OPERATING INCOME (LOSS)</b>	<b>11,509</b>	<b>(56,196)</b>	<b>(44,687)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Investment income	39,276	51,663	90,939
Gain (loss) on investment in IAWTF	-	(6,710)	(6,710)
Interest expense	-	-	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>39,276</b>	<b>44,953</b>	<b>84,229</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>50,785</b>	<b>(11,243)</b>	<b>39,542</b>
<b>CHANGE IN NET ASSETS</b>	<b>50,785</b>	<b>(11,243)</b>	<b>39,542</b>
Net assets, beginning of year	990,961	3,353,594	4,344,555
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 1,041,746</b>	<b>\$ 3,342,351</b>	<b>\$ 4,384,097</b>

The accompanying notes are an integral part of these financial statements.

**Township of Ishpeming, Michigan**

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended March 31, 2008

	Business -Type Activities Enterprise Funds		
	Water System Fund	Sewer System Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from fees and charges for services	\$ 185,413	\$ 288,667	\$ 474,080
Other operating revenues	754	340	1,094
Cash payments to employees for services	(79,129)	(63,949)	(143,078)
Cash payments to suppliers for goods and services	(75,806)	(274,991)	(350,797)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>31,232</b>	<b>(49,933)</b>	<b>(18,701)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Cash payments for capital assets	-	-	-
Investment in IAWTF	-	-	-
Interest payments on bonds	-	-	-
Principal payments on bonds	-	-	-
Increase (decrease) in due from funds	4,138	3,138	7,276
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>4,138</b>	<b>3,138</b>	<b>7,276</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest income	39,276	51,663	90,939
(Additions) deductions to investments	-	(22,813)	(22,813)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>39,276</b>	<b>28,850</b>	<b>68,126</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>74,646</b>	<b>(17,945)</b>	<b>56,701</b>
Cash and cash equivalents, beginning of year	737,539	655,716	1,393,255
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 812,185</b>	<b>\$ 637,771</b>	<b>\$ 1,449,956</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 11,509	\$ (56,196)	\$ (44,687)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	28,131	22,599	50,730
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(8,296)	638	(7,658)
(Increase) decrease in prepaid expense	(100)	(17,091)	(17,191)
Increase (decrease) in accrued interest	-	-	-
Increase (decrease) in accounts payable	-	-	-
Increase (decrease) in accrued liabilities	(12)	117	105
<b>NET ADJUSTMENTS</b>	<b>19,723</b>	<b>6,263</b>	<b>25,986</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 31,232</b>	<b>\$ (49,933)</b>	<b>\$ (18,701)</b>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF ISHPEMING, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of the Township have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant of these accounting policies established in GAAP and used by the Township are described below.

**(1) REPORTING ENTITY**

The Township's financial statements present the Township (the primary government). In evaluating the Township as a reporting entity, management has addressed all potential component units (traditionally separate reporting units) for which the Township may or may not be financially accountable and, as such, be includable within the Township's financial statements.

**(2) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Township's legislative, public works, public safety, community and economic development, recreation and culture and general services and administration are classified as governmental activities. The Township's Wastewater Treatment Facility and Water Fund are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The government-wide focus is more on the sustainability of the Township as an entity and the change in the Township's net assets resulting from the current year's activities. For the most part, the effect of interfund activities has been removed from these statements.

### (3) BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Township:

#### ***Governmental Funds***

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income.

#### ***Proprietary Funds***

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

#### ***Fiduciary Funds***

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Township programs. The agency fund is custodial in nature and does not present results of operations or have a measurement focus.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The Township reports the following major governmental funds:

- ▶ The **General Fund** is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- ▶ The **Fire Fund** accounts for the activity related to the Fire Department.
- ▶ The **Street Improvement Fund** accounts for various road repair projects.

The Township reports the following major proprietary funds:

- ▶ The **Sewer System Fund** accounts for the management of wastewater treatment services including billing, maintenance and construction.
- ▶ The **Water System Fund** accounts for the management of water services, including billing, maintenance and construction.

## **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

The Township's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the Township, these funds are not incorporated into the government-wide statements.

### **(3)BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

#### ***Accrual***

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

All proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

#### ***Modified Accrual***

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified basis of accounting, revenues are recorded when they are both measurable and available. "Available" means collectible within the current period or within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

### **FINANCIAL STATEMENT AMOUNTS**

**Budgets and Budgetary Accounting** – The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Township Supervisor submits to the Township Board of Trustees a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

- b. Numerous opportunities exist for public comment during the budget process including at least two formal public hearings conducted at the Township Hall to obtain taxpayer comment.
- c. Pursuant to statute, prior to March 31 of each year the budget for the ensuing year is legally enacted through adoption of an Annual General Appropriations Act.
- d. The general statute governing Township budgetary activity is the State of Michigan Uniform Budgeting and Accounting Act. In addition to the provisions of the said Act and Board policy, general statements concerning the Board's intent regarding the administration of each year's budget are set out in the Annual General Appropriations Act. The Township Board of Trustees, through policy action, specifically directs the Supervisor not to authorize or participate in any expenditure of funds except as authorized by the Annual General Appropriations Act. The Board recognized that, in addition to possible Board sanctions for willful disregard of this policy, State statutes provide for civil liability for violations of the Annual General Appropriations Act.
- e. The Supervisor is authorized by means of Township policy to make certain transfers:
  - 1. The Supervisor receives a request for a budget transfer from the head of the department whose budget is to be affected. Such request must specify the necessity for the transfer, the account name and/or groups(s) and amount to be affected within prescribed limitations. Transfers in excess of those limitations must be approved by the Board of Trustees.
  - 2. The following considerations must be reviewed in determination of transfer approvals.
    - a. Are the transfers consistent with the intent of the Board of Trustees in adopting the annual budget?
    - b. Will the transfer maintain the financial integrity of the Township?
    - c. Will the transfer provide a reasonable solution to the departmental operating problem?

Considering the above, the Supervisor will then decide whether or not the transfer should be made.

Supplemental appropriations are submitted to and reviewed by the Supervisor and submitted to the Township Board of Trustees for their review and approval. If approved, they are implemented by the Supervisor through a budget revision.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

- f. The Township adopts its Annual Budget on a departmental basis. At each level of detail, governmental operations are summarized into expenditure account groups. Funding sources are also identified and adopted at each level of detail. Budgetary control exists at the most detailed level adopted by the Board of Trustees, i.e., department for analytical purposes. A detailed line item breakdown is prepared for each program. Accounting, i.e., classification control, resides at the line item detail level.
- g. Budgets for the General Funds were adopted in substance on an accrual basis which is consistent with generally accepted accounting principles. Budgeted amounts as reported in the Financial Report are as originally adopted and/or amended by the Township Board of Trustees.

***Cash Equivalents and Investments*** – For the purposes of balance sheet classification and the statement of cash flows, cash and equivalents consist of demand deposits, cash in savings, money market accounts and short-term certificates of deposit with original maturity of three months or less. Investments are carried at fair value.

***Capital Assets*** – Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their fair value on the date donated. Depreciation on all exhaustible capital assets is charged as an expense against their operations in government-wide statements and proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Land improvements	15 years
Building, structures and improvements	40 years
Equipment	5 years
Water and Sewage System	20-50 years
Vehicles	5 years
Infrastructure	20-50 years

***Long-Term Liabilities*** – In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statement of net assets. In the fund financial statements, the face amount of debt issued is reported as other financing sources.



## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

**Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

**Property Taxes** – Property taxes are levied as of December 1 of each year and are due by the last day of the following March. The taxes are collected by the local unit and periodically remitted to the third parties during the collection period.

**Deferred Revenues** – Deferred revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

**Interfund Activity** – Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a result of the reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

## NOTE B – DEPOSITS AND INVESTMENTS:

### Cash Equivalents

The following is a reconciliation of cash and investments for both the unrestricted and restricted assets for the primary government and fiduciary funds from the Statement of Net Assets:

	Primary Government	Fiduciary Funds	Total
Unrestricted:			
Cash and cash equivalents	\$ 3,082,498	\$ 336,319	\$3,418,817
Investments	187,871	-	187,871
Restricted:			
Cash and cash equivalents	-	-	-
Investments	-	-	-
TOTALS	\$3,270,369	\$336,319	\$3,606,688

### *Custodial Credit Risk – Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. State law does not require, and the Township does not have, a deposit policy for custodial credit risk. The carrying amounts of the Township's deposits with financial institutions were \$3,418,817 and the bank balance was \$3,656,351. The bank balance is categorized as follows:

**NOTE B – DEPOSITS AND INVESTMENTS (Continued):**

Amount insured by the FDIC	\$ 751,124
Amount uncollateralized and uninsured	2,905,227
	<u>\$ 3,656,351</u>

**Investments**

As of March 31, 2008, the Township had the following investments.

	Fair Value	Investment Maturities (In years)			
		Less than 1	1-5	6-10	More than 10
<b>PRIMARY GOVERNMENT:</b>					
Unrestricted Investments:					
Financing Corp CPN FICO Strips	\$ 126,047	\$ -	\$ 126,047	\$ -	\$ -
Financing Corp CPN FICO Strips	51,254	-	51,254	-	-
Federal National Mortgage					
Association FNMA Strips	10,570	-	10,570	-	-
TOTAL INVESTMENTS	\$ 187,871	\$ -	\$ 187,871	\$ -	\$ -

***Interest Rate Risk***

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the Township's investments. The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

***Credit Risk***

Michigan statutes (Act 196, PA 1997) authorize the Township to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC and authorized to operate in this state, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days from date of purchase, bankers' acceptances of the United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds. Michigan law prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

The Township has no investment policy that would further limit its investment choices. Ratings are not required for the Township's investment in U.S. Government Agencies or equity-type funds. The Township's investments are in accordance with statutory authority.

***Concentration of Credit Risk***

The Township places no limit on the amount the Township may invest in any one issuer. There were no investments subject to concentration of credit risk disclosure.

## NOTE C – INTERFUND BALANCES:

The Township reports inter-fund balances between many of its funds. Some of the balances are considered immaterial and are aggregated into a single column or row. The total of all balances agrees with the sum of inter-fund balances presented in the statements of net assets/balance sheet for governmental funds. Inter-fund transactions resulting in inter-fund receivables and payables are as follows:

		Due To Other Funds			
Due From Other Funds		Fire Department Fund	Water System Fund	Sewer System Fund	Fiduciary Funds
	General Fund	\$1,916	\$34,738	\$29,000	\$130,894
	Fire Department Fund	-	-	-	146,009
	Street Improvement Fund	-	-	-	28,184
	Total	\$1,916	\$34,738	\$29,000	\$305,087
		Total			
		\$ 196,548			
		146,009			
		28,184			
		\$ 370,741			

All balances resulted from the time lag between the dates that (1) inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

		Transfer Out From Other Funds	
Transfer In From Other Funds	Street Improvement Fund	General Fund	Total
		\$ -	\$ -
	Total	\$ -	\$ -

## NOTE D – CAPITAL ASSETS:

A summary of the capital assets of the Governmental Activities is as follows:

	Balance at April 1, 2007	Additions	Disposals	Balance at March 31, 2008
<b>GOVERNMENTAL ACTIVITIES:</b>				
Land	\$ -	\$ -	\$ -	\$ -
Total Capital Assets, not being depreciated	-	-	-	-
Buildings and improvements	1,033,686	-	-	1,033,686
Furniture and equipment	1,106,673	8,862	-	1,115,535
Total Capital Assets, being depreciated	2,140,359	8,862	-	2,149,221
<b>Less Accumulated Depreciation:</b>				
Buildings and improvements	(407,662)	(25,842)	-	(433,504)
Furniture and equipment	(977,599)	(63,015)	-	(1,040,614)
Total Accumulated Depreciation	(1,385,261)	(88,857)	-	(1,474,118)
Governmental Activities Capital Assets, Net	\$ 755,098	\$ (79,995)	\$ -	\$ 675,103

**NOTE D – CAPITAL ASSETS (Continued):**

Depreciation expenses for the governmental activities were charged to the following functions and activities of the primary government:

General Government	\$ 31,866
Public Safety	44,463
Public Works	9,800
Recreation and Culture	2,728
Total	<u>\$ 88,857</u>

A summary of changes in business-type activities capital assets is as follows:

	Balance at April 1, 2007	Additions	Disposals	Balance at March 31, 2008
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Land	\$ -	\$ -	\$ -	\$ -
Total Capital Assets, not being depreciated	-	-	-	-
Buildings and improvements	2,316,764	-	-	2,316,764
Equipment	126,567	-	-	126,567
Total Capital Assets, being depreciated	2,443,331	-	-	2,443,331
Less Total Accumulated Depreciation	(1,875,812)	(50,729)	-	(1,926,541)
Business Type Activities Capital Assets, Net	<u>\$567,519</u>	<u>\$(50,729)</u>	<u>\$ -</u>	<u>\$516,790</u>

Depreciation expense for the business-type activities was charged to the following functions and activities of the primary government:

Business-Type Activities:	
Water System	\$28,131
Sewer System	22,598
Total Depreciation Expense – Business-Type Activities	<u>\$50,729</u>

**NOTE E – LONG-TERM DEBT:****SCHEDULE OF MARQUETTE COUNTY SOLID WASTE MANAGEMENT BONDS**

March 31, 2008

	November 1	May 1		
	Interest	Interest	Principal	Total
2009	\$ 653	\$ 1,742	\$ 23,706	\$ 26,101
2010	-	652	9,667	10,319
TOTALS	<u>\$ 653</u>	<u>\$ 2,394</u>	<u>\$ 33,373</u>	<u>\$ 36,420</u>

The Township of Ishpeming is obligated to reimburse Marquette County Solid Waste Management Authority a proportional share of the debt service costs associated with bonds issued to construct the Solid Waste Disposal System located in Marquette County. A schedule of the Township's required payments is as follows:

**NOTE E – LONG-TERM DEBT (Continued):**

	April 1, 2007	Additions	Subtractions	March 31, 2008
<b>Governmental Activities:</b>				
Landfill Bond	\$ 71,601	\$ -	\$ 21,770	\$ 49,831
Total Governmental Activities	\$ 71,601	\$ -	\$ 21,770	\$ 49,831
 TOTAL PRIMARY GOVERNMENT LONG-TERM DEBT	 \$ 71,601	 \$ -	 \$ 21,770	 \$ 49,831

**NOTE F – PROPERTY TAXES:**

The Local Governmental Unit property tax is levied on each December 1<sup>st</sup> on the taxable valuation of property (as defined by State statutes) located in the Local Governmental Unit as of the preceding December 31<sup>st</sup>.

Although the Local Governmental Unit 2007 ad valorem tax is levied and collectible on December 1, 2007, it is the Local Governmental Unit's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60) days.

The 2007 taxable valuation of the Local Governmental Unit totaled \$77,235,961 on which ad valorem taxes levied consisted of 1.2129 mills for the Local Governmental Unit operation purposes 2.000 mills for Fire Department Services and .4000 mills for street lighting. These amounts are recognized in the respective fund financial statements as revenue.

**NOTE G – OTHER POST EMPLOYMENT BENEFITS:**

The Township of Ishpeming offers group benefit health insurance coverage under various collective bargaining agreements covering substantially all employees and former employees of the Township. This benefit is accounted for on the pay-as-you-go method, whereby the Township is reporting the amounts paid as expenditures in the year the amount is paid for the benefit provided. The amount paid for employees for the period ended March 31, 2008 was \$-0-.

**NOTE H – CONTINGENT LIABILITIES:**

Risk Management - The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has obtained commercial insurance to handle its risk of loss.

**NOTE I – PENSION TRUST FUND:**

The Township has a pension plan for its all full time employees. This plan is a defined contribution pension plan for Michigan Township Employees. Each employee shall be eligible to participate in the Plan upon attaining age 18 and not more than age 75. There is no minimum service requirement. The Township contributes 11.99% of the employee's annual salary to the Plan. The total contribution for the year ended March 31, 2007 was \$32,099.

## NOTE J – PENSION PLAN:

Plan Description – The Township participates in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers all employees of the Township. The System provides retirement, disability and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

Funding Policy – The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's competitive bargaining units, and requires a contribution from the employees of 0 - 3.6% of gross wages.

Annual Pension Cost – For year ended March 31, 2008, the Township's annual pension cost of \$30,516 was equal to the Township's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2005, using the entry actual age cost method. Significant actuarial assumptions used include (a) an 8.0 investment rate of return, and (b) projected salary increases of 4.5 percent per year. Both (a) and (b) include an inflation component of 4.5%. The actuarial value of assets was determined using techniques that smooth the effects of short term volatility over a four year period. The unfunded actuarial liability is being amortized as a level percentage of payrolls on a closed basis. The remaining amortization period is 30 years.

	Three Year Trend Information Fiscal Year Ended December 31		
	2005	2006	2007
Annual Pension Cost	\$ 30,670	\$ 28,088	\$ 28,514
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation	-	-	-
Actuarial Value of Assets	543,234	600,401	654,337
Actuarial Accrued Liability (Entry Age)	789,221	863,775	920,093
Unfunded AAL	245,987	263,374	265,756
Funded Ratio	69%	70%	71%
Covered Payroll	272,521	244,973	254,588
UAAL as a Percentage of Covered Payroll	90%	108%	104%

## NOTE K – JOINT VENTURE:

### Ishpeming Area Joint Wastewater Treatment Board

The City of Ishpeming and the Township of Ishpeming entered into an agreement on December 10, 1981 for the purpose of creating the Ishpeming Area Joint Wastewater Treatment Board (Board). The Board shall design, construct, operate and maintain a joint wastewater treatment plant and related facilities. Unless otherwise agreed by the City and Township, the Board shall not levy or assess user charges, sewer rates, or fees directly against individual users of the wastewater treatment plant, but shall instead be reimbursed by contract payments from the City and Township. The City and Township shall be responsible for collecting user charges, sewer rates, fees, penalties and the like from their respective residents and users of the system.

The Township utilizes the equity method of accounting for the activity in its investment in the Facility. Under the equity method the investment is adjusted for any additional capital investments made and its proportionate share of the Facility's results of operations.

## NOTE K – JOINT VENTURE (Continued):

A summary of condensed financial information of the Facility, in the aggregate, as of December 31, 2007, is as follows:

Assets	\$ 6,792,437
Liabilities	111,635
Equity - All local units	6,680,802
Operating Revenues	738,754
Operating Expenses	889,313
Other Income	130,225
Net Income (loss)	(20,334)
Township's Share of Net Income (loss)	(6,710)

### Marquette County Solid Waste Management Authority

In February 1990, the Township of Ishpeming joined 21 other municipalities in the Marquette County Solid Waste Management Authority ("Authority"). The authority was created pursuant to Act 233 of 1955 to plan for, acquire, construct, finance, operate, maintain, repair and dispose of, whether by sale, lease, or otherwise, an Act 641 landfill, including all improvements, appurtenances, easements, accessory facilities and structure, equipment, and other property part of or incidental to the landfill sufficient to satisfy the requirements of, and function as a solid waste disposal area under Act 641 and to establish and administer procedures providing for the separation, recycling, recovery, conversion of solid waste to energy and for the disposition of such energy output and disposal at the site of Non-toxic Type II and Type III Solid Waste, to fund all of the above activities, to charge and collect fees in connection with the operation of the landfill and to provide for the reimbursement with receipt of bond proceeds to the City of Marquette and Sands Township of their respective costs and expenses incurred in connection with the establishment and administration of the Solid Waste Authority and the System Facility.

The Authority is governed by a Board of Trustees consisting of one (1) member (who shall be the Chairperson of the Board of Trustees) designated by the Sands Township Supervisor on behalf of the Sands Township, two (2) members designated by the Marquette City Commission; three (3) members designated by the Marquette County Board of Commissioners, and one resident of the City of Marquette appointed by other six Authority Board members. All decisions of the Board are made by majority vote, consisting of at least four of its members.

The Township's share of assets, liabilities, and fund equity is 4.96 percent. Summary financial information as of and for the fiscal year ended June 30, 2007 is as follows:

Total Assets	\$ 13,425,691
Total Liabilities	1,989,798
Total Net Assets	11,435,893
Total Operating Revenues	2,374,922
Total Operating Expenses	2,817,324
Net Income (Loss)	442,402

The City of Marquette has pledged its full faith and credit for the Marquette County Solid Waste Management Authority Bonds, Series 1988. These bonds are payable from the net revenues of the Authority, as well as by each member of the Authority to the extent of their pro rata share of the principal and interest requirements on the bonds.

Marquette County issued the Marquette County Solid Waste System Bonds, Series 1991. These bonds are to be paid with a portion of tipping fees designated for bond repayment.

**NOTE L – VESTED EMPLOYEE BENEFITS:**

Employees can earn sick leave and vacation at various schedules dependent upon their length of employment. Upon retirement, death, termination or disability, employees or their estates are paid for all outstanding vacation and sick days accumulated at their current rate of pay.

		<u>Accrued Sick and Vacation</u>
Primary Government:		
Current portion		\$ 16,141
Long-term portion		<u>48,423</u>
	TOTAL	<u>\$ 64,564</u>

**NOTE M – BUDGET VIOLATIONS:**

Public Act 621 of 1978, Section 18(1), as amended, provides that a Township shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the Township's actual expenditures and budgeted expenditures have been shown on an activity and/or program level.

The following activity and/or programs had excess expenditures over appropriations at March 31, 2008:

<u>Activity/Program</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Public Safety:			
Police Department	\$50,050	\$51,494	\$1,444
Special Revenue:			
Street Improvement Fund	32,000	32,495	495
Recreation Fund	5,000	8,862	3,862
Streetlight Fund	30,700	34,671	3,971



## REQUIRED SUPPLEMENTAL FINANCIAL INFORMATION

**Township of Ishpeming, Michigan**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended March 31, 2008

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Taxes	\$ 136,400	\$ 136,400	\$ 125,101	\$ (11,299)
State sources	265,000	265,000	262,890	(2,110)
Charges for services	212,950	212,950	187,548	(25,402)
Interest	14,000	14,000	34,290	20,290
Other revenues	86,500	86,500	39,949	(46,551)
<b>TOTAL REVENUES</b>	<b>714,850</b>	<b>714,850</b>	<b>649,778</b>	<b>(65,072)</b>
<b>EXPENDITURES:</b>				
Legislative	14,450	14,450	7,783	6,667
General services and administration	225,200	225,200	178,932	46,268
Public safety	62,550	62,550	61,167	1,383
Public works	212,776	212,776	185,688	27,088
Health and welfare	-	-	-	-
Community and economic development	12,300	12,300	7,898	4,402
Recreation and culture	13,100	13,100	11,602	1,498
Other	142,300	142,300	125,384	16,916
Capital outlay	-	-	-	-
Debt service	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>682,676</b>	<b>682,676</b>	<b>578,454</b>	<b>104,222</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>32,174</b>	<b>32,174</b>	<b>71,324</b>	<b>39,150</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers (out)	(50,000)	(50,000)	-	50,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(50,000)</b>	<b>(50,000)</b>	<b>-</b>	<b>50,000</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(17,826)</b>	<b>(17,826)</b>	<b>71,324</b>	<b>89,150</b>
Fund balance, beginning of year	957,054	957,054	957,054	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 939,228</b>	<b>\$ 939,228</b>	<b>\$ 1,028,378</b>	<b>\$ 89,150</b>

**Township of Ishpeming, Michigan**

**FIRE DEPARTMENT FUND**

**BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended March 31, 2008

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Taxes	\$ 149,200	\$ 149,200	\$ 158,117	\$ 8,917
State sources	-	-	-	-
Charges for services	47,800	47,800	49,641	1,841
Interest	2,000	2,000	14,611	12,611
Other revenues	-	-	12,640	12,640
<b>TOTAL REVENUES</b>	<b>199,000</b>	<b>199,000</b>	<b>235,009</b>	<b>36,009</b>
<b>EXPENDITURES:</b>				
Legislative	-	-	-	-
Elections	-	-	-	-
General services and administration	-	-	-	-
Public safety	195,207	190,207	118,885	71,322
Public works	-	-	-	-
Health and welfare	-	-	-	-
Community and economic development	-	-	-	-
Recreation and culture	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>195,207</b>	<b>190,207</b>	<b>118,885</b>	<b>71,322</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>3,793</b>	<b>8,793</b>	<b>116,124</b>	<b>107,331</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>3,793</b>	<b>8,793</b>	<b>116,124</b>	<b>107,331</b>
Fund balance, beginning of year	266,954	266,954	266,954	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 270,747</b>	<b>\$ 275,747</b>	<b>\$ 383,078</b>	<b>\$ 107,331</b>

**Township of Ishpeming, Michigan**

**STREET IMPROVEMENT FUND**

**BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended March 31, 2008

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>Final Budget</b>
			<b>Basis</b>	<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Charges for services	-	-	-	-
Interest	3,000	3,000	12,609	9,609
Other revenues	-	-	-	-
<b>TOTAL REVENUES</b>	<b>3,000</b>	<b>3,000</b>	<b>12,609</b>	<b>9,609</b>
<b>EXPENDITURES:</b>				
Legislative	-	-	-	-
Elections	-	-	-	-
General services and administration	-	-	-	-
Public safety	-	-	-	-
Public works	32,000	32,000	32,495	(495)
Health and welfare	-	-	-	-
Community and economic development	-	-	-	-
Recreation and culture	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>32,000</b>	<b>32,000</b>	<b>32,495</b>	<b>(495)</b>
<b>EXCESS OF REVENUES OVER</b>				
<b>(UNDER) EXPENDITURES</b>	<b>(29,000)</b>	<b>(29,000)</b>	<b>(19,886)</b>	<b>9,114</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	50,000	50,000	-	(50,000)
Transfers (out)	-	-	-	-
<b>TOTAL OTHER FINANCING</b>				
<b>SOURCES (USES)</b>	<b>50,000</b>	<b>50,000</b>	<b>-</b>	<b>(50,000)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>21,000</b>	<b>21,000</b>	<b>(19,886)</b>	<b>(40,886)</b>
Fund balance, beginning of year	284,045	284,045	284,045	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 305,045</b>	<b>\$ 305,045</b>	<b>\$ 264,159</b>	<b>\$ (40,886)</b>

## Other Supplemental Information

**Township of Ishpeming, Michigan**  
**MAJOR GOVERNMENTAL FUNDS**  
**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2008

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Taxes:			
Current levy	\$ 111,000	\$ 94,262	\$ (16,738)
Delinquent taxes	-	7,482	7,482
Commercial forest reserve	2,000	2,114	114
Swamp tax	-	94	94
Tax collection fees	23,400	21,149	(2,251)
Total Taxes	136,400	125,101	(11,299)
State Sources:			
State revenue sharing	265,000	262,890	(2,110)
Total State Sources	265,000	262,890	(2,110)
Charges for Services:			
Sanitation services	166,950	145,733	(21,217)
Permits and fees	30,000	25,815	(4,185)
Administrative services	16,000	16,000	-
Miscellaneous services	-	-	-
Total Charges for Services	212,950	187,548	(25,402)
Interest and Rents			
Interest	12,000	31,145	19,145
Rents	2,000	3,145	1,145
Total Interest and Rents	14,000	34,290	20,290
Other Revenues:			
Miscellaneous other	86,500	39,949	(46,551)
Total Other Revenues	86,500	39,949	(46,551)
<b>TOTAL REVENUES</b>	714,850	649,778	(65,072)
<b>EXPENDITURES:</b>			
<b>LEGISLATIVE:</b>			
Township Board:			
Personnel services	5,250	4,120	1,130
Other services and charges	9,200	3,663	5,537
<b>TOTAL LEGISLATIVE</b>	14,450	7,783	6,667
<b>GENERAL SERVICES AND ADMINISTRATION:</b>			
Supervisor:			
Personnel services	14,640	14,640	-
Supplies	-	-	-
Other services and charges	700	676	24
Total Supervisor	15,340	15,316	24

**Township of Ishpeming, Michigan**  
**MAJOR GOVERNMENTAL FUNDS**  
**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2008

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
Assessor:			
Personnel services	\$ 21,500	\$ 16,525	\$ 4,975
Supplies	1,800	3,540	(1,740)
Other services and charges	21,850	3,868	17,982
Capital outlay	-	-	-
Total Assessor	<u>45,150</u>	<u>23,933</u>	<u>21,217</u>
Elections:			
Personnel services	3,500	2,403	1,097
Supplies	2,400	2,101	299
Other services and charges	-	-	-
Total Elections	<u>5,900</u>	<u>4,504</u>	<u>1,396</u>
Clerk:			
Personnel services	18,374	18,492	(118)
Supplies	-	-	-
Other services and charges	1,450	887	563
Capital outlay	-	-	-
Total Clerk	<u>19,824</u>	<u>19,379</u>	<u>445</u>
Board of Review:			
Personnel services	750	-	750
Supplies	-	-	-
Other services and charges	250	-	250
Total Board of Review	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Treasurer:			
Personnel services	19,106	18,296	810
Supplies	-	-	-
Other services and charges	10,130	8,419	1,711
Capital outlay	500	-	500
Total Treasurer	<u>29,736</u>	<u>26,715</u>	<u>3,021</u>
Township Hall and Grounds:			
Personnel services	50,100	40,340	9,760
Supplies	12,000	16,073	(4,073)
Other services and charges	36,150	29,293	6,857
Capital outlay	10,000	3,379	6,621
Total Township Hall and Grounds	<u>108,250</u>	<u>89,085</u>	<u>19,165</u>
<b>TOTAL GENERAL SERVICES AND ADMINISTRATION</b>	<u>225,200</u>	<u>178,932</u>	<u>46,268</u>

**Township of Ishpeming, Michigan**  
**MAJOR GOVERNMENTAL FUNDS**  
**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2008

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>PUBLIC SAFETY:</b>			
Police Department			
Personnel services	\$ 39,200	\$ 39,828	\$ (628)
Supplies	3,000	3,878	(878)
Other services and charges	5,850	2,230	3,620
Capital outlay	2,000	5,558	(3,558)
Total Police Department	<u>50,050</u>	<u>51,494</u>	<u>(1,444)</u>
Animal Control:			
Personnel services	10,600	8,596	2,004
Supplies	500	164	336
Other services and charges	1,400	913	487
Total Animal Control	<u>12,500</u>	<u>9,673</u>	<u>2,827</u>
<b>TOTAL PUBLIC SAFETY</b>	<u>62,550</u>	<u>61,167</u>	<u>1,383</u>
<b>PUBLIC WORKS:</b>			
Streets:			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	10,000	1,828	8,172
Capital outlay	5,000	-	5,000
Total Streets	<u>15,000</u>	<u>1,828</u>	<u>13,172</u>
Sanitation			
Personnel services	9,500	6,877	2,623
Supplies	2,250	1,408	842
Other services and charges	170,633	149,741	20,892
Capital Outlay	600	-	600
Debt service	14,793	25,834	(11,041)
Total Sanitation	<u>197,776</u>	<u>183,860</u>	<u>13,916</u>
<b>TOTAL PUBLIC WORKS</b>	<u>212,776</u>	<u>185,688</u>	<u>27,088</u>
<b>RECREATION AND CULTURE:</b>			
Recreation			
Personnel services	4,000	5,550	(1,550)
Supplies	2,500	3,900	(1,400)
Other services and charges	1,600	789	811
Capital Outlay	5,000	1,363	3,637
<b>TOTAL RECREATION AND CULTURE</b>	<u>13,100</u>	<u>11,602</u>	<u>1,498</u>



**Township of Ishpeming, Michigan**  
**MAJOR GOVERNMENTAL FUNDS**  
**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2008

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>COMMUNITY AND ECONOMIC DEVELOPMENT</b>			
Zoning:			
Personnel services	\$ 9,000	\$ 5,979	\$ 3,021
Supplies	3,300	1,919	1,381
Other services and charges	-	-	-
<b>TOTAL COMMUNITY AND ECONOMIC DEVELOPMENT</b>	<u>12,300</u>	<u>7,898</u>	<u>4,402</u>
<b>OTHER EXPENDITURES</b>			
Fringe Benefits	87,600	83,114	4,486
Insurance and Bonds	-	-	-
Miscellaneous	44,700	41,685	3,015
Capital Outlay	10,000	585	9,415
<b>TOTAL OTHER EXPENDITURES</b>	<u>142,300</u>	<u>125,384</u>	<u>16,916</u>
<b>TOTAL EXPENDITURES</b>	<u>682,676</u>	<u>578,454</u>	<u>104,222</u>
<b>EXCESS OF REVENUES OVER             (UNDER) EXPENDITURES</b>	<u>32,174</u>	<u>71,324</u>	<u>39,150</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In:	-	-	-
Transfers (Out):	(50,000)	-	50,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>
<b>CHANGE IN FUND BALANCE</b>	(17,826)	71,324	89,150
Fund balance, beginning of year	957,054	957,054	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 939,228</u>	<u>\$ 1,028,378</u>	<u>\$ 89,150</u>

**Township of Ishpeming, Michigan**  
**MAJOR GOVERNMENTAL FUNDS**  
**FIRE FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Fiscal Year Ended March 31, 2008

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Taxes:			
Current levy	\$ 142,000	\$ 144,204	\$ 2,204
Delinquent taxes	4,000	10,272	6,272
Commercial forest reserve	3,200	3,641	441
Total Taxes	149,200	158,117	8,917
Charges for Services:			
Fire calls	47,800	49,641	1,841
Total Charges for Services	47,800	49,641	1,841
Interest:			
Interest income - investments	2,000	14,611	12,611
Total Interest	2,000	14,611	12,611
Other Revenue:			
Other Revenue	-	12,640	12,640
Total Other Revenues	-	12,640	12,640
<b>TOTAL REVENUES</b>	<b>199,000</b>	<b>235,009</b>	<b>36,009</b>
<b>EXPENDITURES:</b>			
<b>Public Safety</b>			
Fire Department:			
Personnel services	12,000	14,162	(2,162)
Supplies	12,000	14,268	(2,268)
Other services and charges	111,207	84,833	26,374
Capital Outlay	55,000	5,622	49,378
Total Fire Department	190,207	118,885	71,322
<b>Total Public Safety</b>	<b>190,207</b>	<b>118,885</b>	<b>71,322</b>
<b>TOTAL EXPENDITURES</b>	<b>190,207</b>	<b>118,885</b>	<b>71,322</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>8,793</b>	<b>116,124</b>	<b>107,331</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In	-	-	-
Transfers (Out)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>8,793</b>	<b>116,124</b>	<b>107,331</b>
Fund balance, beginning of year	266,954	266,954	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 275,747</b>	<b>\$ 383,078</b>	<b>\$ 107,331</b>

**Township of Ishpeming, Michigan**

**MAJOR GOVERNMENTAL FUNDS  
STREET IMPROVEMENT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2008

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
State Sources:	\$ -	\$ -	\$ -
Interest:	3,000	12,609	9,609
<b>TOTAL REVENUES</b>	<u>3,000</u>	<u>12,609</u>	<u>9,609</u>
<b>EXPENDITURES:</b>			
<b>Public Works:</b>			
Streets:			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	32,000	32,495	(495)
Capital Outlay	-	-	-
Total Streets	<u>32,000</u>	<u>32,495</u>	<u>(495)</u>
<b>Total Public Works</b>	<u>32,000</u>	<u>32,495</u>	<u>(495)</u>
<b>TOTAL EXPENDITURES</b>	<u>32,000</u>	<u>32,495</u>	<u>(495)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(29,000)</u>	<u>(19,886)</u>	<u>9,114</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In	50,000	-	(50,000)
Transfers (Out)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
<b>CHANGE IN FUND BALANCE</b>	<u>21,000</u>	<u>(19,886)</u>	<u>(40,886)</u>
Fund balance, beginning of year	<u>284,045</u>	<u>284,045</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 305,045</u>	<u>\$ 264,159</u>	<u>\$ (40,886)</u>

**Township of Ishpeming, Michigan**

NON-MAJOR  
GOVERNMENTAL FUNDS

BALANCE SHEET

March 31, 2008

	Senior Citizen Fund	Capital Improvement Fund	Recreation Fund	Streetlight Fund	Budget Stabilization Fund	Special Revenue Fund Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,102	\$ 100,960	\$ 27,073	\$ 34,280	\$ 203,337	\$ 366,752
Accounts receivable	-	-	-	2,003	-	2,003
Due from other funds	-	-	-	28,184	-	28,184
<b>TOTAL ASSETS</b>	<u>\$ 1,102</u>	<u>\$ 100,960</u>	<u>\$ 27,073</u>	<u>\$ 64,467</u>	<u>\$ 203,337</u>	<u>\$ 396,939</u>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other liabilities	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE:</b>						
Unreserved	1,102	100,960	27,073	64,467	203,337	396,939
<b>TOTAL FUND BALANCE</b>	<u>1,102</u>	<u>100,960</u>	<u>27,073</u>	<u>64,467</u>	<u>203,337</u>	<u>396,939</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 1,102</u>	<u>\$ 100,960</u>	<u>\$ 27,073</u>	<u>\$ 64,467</u>	<u>\$ 203,337</u>	<u>\$ 396,939</u>

**Township of Ishpeming, Michigan**

NON-MAJOR  
GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended March 31, 2008

	Senior Citizens Fund	Capital Improvement Fund	Recreation Fund	Streetlight Fund	Budget Stabilization Fund	Special Revenue Fund Total Governmental Funds
<b>REVENUES:</b>						
Property Taxes	\$ -	\$ -	\$ -	\$ 30,743	\$ -	\$ 30,743
Interest	54	3,479	1,480	3,021	9,683	17,717
Other	-	17,020	-	2,056	-	19,076
<b>TOTAL REVENUES</b>	<b>54</b>	<b>20,499</b>	<b>1,480</b>	<b>35,820</b>	<b>9,683</b>	<b>67,536</b>
<b>EXPENDITURES:</b>						
General Government	-	-	-	-	-	-
Public Works	-	-	-	34,671	-	34,671
Recreation and Culture	67	-	8,862	-	-	8,929
Capital Outlay	-	-	-	-	-	-
Other Functions	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>67</b>	<b>-</b>	<b>8,862</b>	<b>34,671</b>	<b>-</b>	<b>43,600</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(13)</b>	<b>20,499</b>	<b>(7,382)</b>	<b>1,149</b>	<b>9,683</b>	<b>23,936</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(13)</b>	<b>20,499</b>	<b>(7,382)</b>	<b>1,149</b>	<b>9,683</b>	<b>23,936</b>
Fund balance, beginning of year	1,115	80,461	34,455	63,318	193,654	373,003
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 1,102</b>	<b>\$ 100,960</b>	<b>\$ 27,073</b>	<b>\$ 64,467</b>	<b>\$ 203,337</b>	<b>\$ 396,939</b>

**Township of Ishpeming, Michigan**

NON-MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE  
SENIOR CITIZENS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Fiscal Year Ended March 31, 2008

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Interest:	\$ 10	\$ 54	\$ 44
Other:	-	-	-
<b>TOTAL REVENUES</b>	<u>10</u>	<u>54</u>	<u>44</u>
<b>EXPENDITURES:</b>			
Recreation and Culture:			
Senior Citizens:			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	200	67	133
Capital outlay	-	-	-
Total Senior Citizens	<u>200</u>	<u>67</u>	<u>133</u>
<b>TOTAL EXPENDITURES</b>	<u>200</u>	<u>67</u>	<u>133</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(190)</u>	<u>(13)</u>	<u>177</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	200	-	(200)
Transfers (out)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>200</u>	<u>-</u>	<u>(200)</u>
<b>CHANGES IN FUND BALANCE</b>	<u>10</u>	<u>(13)</u>	<u>(23)</u>
Fund balance, beginning of year	<u>1,115</u>	<u>1,115</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 1,125</u>	<u>\$ 1,102</u>	<u>\$ (23)</u>

**Township of Ishpeming, Michigan**

NON-MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE  
CAPITAL IMPROVEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Fiscal Year Ended March 31, 2008

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Interest:	\$ 2,000	\$ 3,479	\$ 1,479
Other:	15,000	17,020	2,020
<b>TOTAL REVENUES</b>	<u>17,000</u>	<u>20,499</u>	<u>3,499</u>
<b>EXPENDITURES:</b>			
Capital Outlay:			
Capital Outlay:			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	-	-	-
Capital outlay	10,000	-	10,000
Total Capital Outlay	<u>10,000</u>	<u>-</u>	<u>10,000</u>
<b>TOTAL EXPENDITURES</b>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>7,000</u>	<u>20,499</u>	<u>13,499</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
Transfers (out)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGES IN FUND BALANCE</b>	<u>7,000</u>	<u>20,499</u>	<u>13,499</u>
Fund balance, beginning of year	<u>80,461</u>	<u>80,461</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 87,461</u>	<u>\$ 100,960</u>	<u>\$ 13,499</u>

**Township of Ishpeming, Michigan**

NON-MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE  
RECREATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Fiscal Year Ended March 31, 2008

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Interest	\$ 750	\$ 1,480	\$ 730
Other	-	-	-
<b>TOTAL REVENUES</b>	<u>750</u>	<u>1,480</u>	<u>730</u>
<b>EXPENDITURES:</b>			
Recreation and Culture:			
Recreation:			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	-	-	-
Capital outlay	<u>5,000</u>	<u>8,862</u>	<u>(3,862)</u>
Total Recreation	<u>5,000</u>	<u>8,862</u>	<u>(3,862)</u>
<b>TOTAL EXPENDITURES</b>	<u>5,000</u>	<u>8,862</u>	<u>(3,862)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(4,250)</u>	<u>(7,382)</u>	<u>(3,132)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
Transfers (out)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGES IN FUND BALANCE</b>	<u>(4,250)</u>	<u>(7,382)</u>	<u>(3,132)</u>
Fund balance, beginning of year	<u>34,455</u>	<u>34,455</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 30,205</u>	<u>\$ 27,073</u>	<u>\$ (3,132)</u>



**Township of Ishpeming, Michigan**

NON-MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE  
STREETLIGHT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Fiscal Year Ended March 31, 2008

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Taxes:			
Current levy	\$ 27,347	\$ 27,823	\$ 476
Delinquent taxes	1,000	2,003	1,003
Commercial forest reserve	450	917	467
Total Taxes	<u>28,797</u>	<u>30,743</u>	<u>1,946</u>
Interest:			
Investment interest	1,000	3,021	2,021
Total Interest	<u>1,000</u>	<u>3,021</u>	<u>2,021</u>
Other:			
Other revenue	1,200	2,056	856
Total Other	<u>1,200</u>	<u>2,056</u>	<u>856</u>
<b>TOTAL REVENUES</b>	<u>30,997</u>	<u>35,820</u>	<u>4,823</u>
<b>EXPENDITURES:</b>			
Public Works:			
Streetlights:			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	30,700	34,671	(3,971)
Capital outlay	-	-	-
Total Streetlights	<u>30,700</u>	<u>34,671</u>	<u>(3,971)</u>
<b>TOTAL EXPENDITURES</b>	<u>30,700</u>	<u>34,671</u>	<u>(3,971)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>297</u>	<u>1,149</u>	<u>852</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
Transfers (out)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGES IN FUND BALANCE</b>	<u>297</u>	<u>1,149</u>	<u>852</u>
Fund balance, beginning of year	<u>63,318</u>	<u>63,318</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 63,615</u>	<u>\$ 64,467</u>	<u>\$ 852</u>

**Township of Ishpeming, Michigan**

NON-MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE  
BUDGET STABILIZATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Fiscal Year Ended March 31, 2008

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Interest	\$ -	\$ 9,683	\$ 9,683
Other	-	-	-
<b>TOTAL REVENUES</b>	-	9,683	9,683
<b>EXPENDITURES:</b>			
Other Functions:			
Other Functions:			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	-	-	-
Capital outlay	-	-	-
Total Other Functions	-	-	-
<b>TOTAL EXPENDITURES</b>	-	-	-
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	9,683	9,683
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
Transfers (out)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>	-	-	-
<b>CHANGES IN FUND BALANCE</b>	-	9,683	9,683
Fund balance, beginning of year	193,654	193,654	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 193,654</u>	<u>\$ 203,337</u>	<u>\$ 9,683</u>

**Township of Ishpeming, Michigan**

FIDUCIARY FUNDS

COMBINING STATEMENT OF NET ASSETS

March 31, 2008

	Trust & Agency Fund	Tax Collection Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,241	\$ 329,077	\$ 336,318
Due from other funds	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 7,241</u>	<u>\$ 329,077</u>	<u>\$ 336,318</u>
<b>LIABILITIES</b>			
Due to other funds	\$ 5,133	\$ 299,954	\$ 305,087
Due to other governmental units	<u>2,108</u>	<u>29,123</u>	<u>31,231</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 7,241</u>	<u>\$ 329,077</u>	<u>\$ 336,318</u>

## COMPLIANCE SUPPLEMENTS



ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

MICHIGAN  
ESCANABA  
IRON MOUNTAIN  
KINROSS  
MARQUETTE

WISCONSIN  
GREEN BAY  
MILWAUKEE

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Supervisor and Members  
of the Township Board of Trustees  
Township of Ishpeming, Michigan  
1575 US Highway 41, West  
Ishpeming, Michigan 49849

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Ishpeming, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township of Ishpeming, Michigan's basic financial statements and have issued our report thereon dated September 4, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Ishpeming, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Ishpeming, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of Ishpeming, Michigan's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township of Ishpeming, Michigan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township of Ishpeming, Michigan's financial statements that is more than inconsequential will not be prevented or detected by the Township of Ishpeming, Michigan's internal control. We consider the deficiencies described in the accompanying report to management to be significant deficiencies in internal control over financial reporting as item 08-01.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township of Ishpeming, Michigan's internal control.

Honorable Supervisor and Members  
of the Township Board of Trustees

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Ishpeming, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying report to management as items 08-02 and 08-03.

Township of Ishpeming, Michigan's response to the findings identified in our audit is described in the accompanying report to management. We did not audit the Township of Ishpeming, Michigan's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Township Board, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Anderson, Tackman & Company, PLLC*  
Certified Public Accountants

September 4, 2008



ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

MICHIGAN  
ESCANABA  
IRON MOUNTAIN  
KINROSS  
MARQUETTE

WISCONSIN  
GREEN BAY  
MILWAUKEE

*Township of Ishpeming, Michigan  
Report to Management Letter  
For the Year Ended March 31, 2008*

Honorable Supervisor and Members of  
the Township Board of Trustees  
Township of Ishpeming, Michigan  
1575 U.S. Highway 41  
Ishpeming, MI 49849

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Ishpeming, Michigan as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Ishpeming, Michigan's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Ishpeming, Michigan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Ishpeming, Michigan's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified the following deficiencies in internal control that we consider to be significant deficiencies.

Honorable Supervisor and Members of  
the Township Board of Trustees  
Township of Ishpeming, Michigan

#### **08-01 – Recording of Receipts**

**Condition/Criteria:** We noted that not all receipting activity is being processed through use of the clients receipting software.

**Effect:** Because not all activity is being recorded through the receipting software, there is potential for items to be overlooked when entering into the G/L

**Cause of Condition:** Failure to record all receipting activity through use of receipting software.

**Recommendation:** We suggest that that all receipts be processed through use of receipting software.

#### **Management Response – Corrective Action Plan:**

- Contact Person(s) Responsible for Correction:
  - Peggy Clark, Treasurer
- Corrective Action Planned:
  - The Township will process all receipts through receipting software.
- Anticipated Completion Date:
  - March 31, 2009

#### **INSTANCE OF NON-COMPLIANCE**

#### **08-02 (REPEATED) – UNIFORM BUDGETING AND ACCOUNTING ACT (PA621)**

**Condition/Criteria:** Public Act 621 of 1978, Section 18 (1) as amended, provides that local governmental units shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the Township of Ishpeming, Michigan had actual expenditures and budgeted expenditures for the General Fund and Special Revenue Funds have been shown on a functional basis. The approved budgets of these funds were adopted on an activity and/or program level. During the year ended March 31, 2008, the Township of Ishpeming, Michigan incurred functional expenditures which were in excess of the amounts appropriated as shown within the basic financial statements.

**Effect:** The Township of Ishpeming, Michigan is not in compliance with State Law.

**Cause of Condition:** Failure to amend the budgets during the year based on the level of expenditures.

**Recommendation:** The Township of Ishpeming, Michigan should strictly control expenditures in each governmental fund so as not to exceed the original appropriation. When this is not possible, the budget should be amended accordingly.

#### **Management Response – Corrective Action Plan:**

- Contact Person(s) Responsible for Correction:
  - Sue Jandron, Clerk
- Corrective Action Planned:
  - The budget will be more closely monitored and budget amendments will be made accordingly.
- Anticipated Completion Date:
  - March 31, 2009



Honorable Supervisor and Members of  
the Township Board of Trustees  
Township of Ishpeming, Michigan

**08-03 – ASSIST IN PREPARING FINANCIAL STATEMENTS AND FOOTNOTES.**

**Condition/Criteria:** Statement on Auditing Standards #112 requires us to communicate in writing when a client requires assistance to prepare the financial statements and footnotes required in the annual audit report in accordance with accounting principles generally accepted in the United States of America.

**Effect:** We assisted management with the external financial reporting responsibility to ensure their financial statements are in accordance with GAAP.

**Cause of Condition:** The staff of the township does not have adequate time to prepare all the information included in the annual financial statements. Therefore, we assisted in the preparing the financial statements and related footnotes.

**Recommendation:** We do not recommend any changes to this situation at this time and communicate this as required by professional standards.

**Management Response – Corrective Action Plan:**

- Contact Person(s) Responsible for Correction:
  - Sue Jandron, Clerk
- Corrective Action Planned:
  - We are aware of this deficiency and believe it is not cost beneficial in our situation to allocate the time need to prepare the audit report in the current fiscal year.
- Anticipated Completion Date:
  - Not Applicable

This communication is intended solely for the information and use of the management, audit committee, Township of Ishpeming, Michigan Board of Trustees, and others within the organization, and is not intended to be and should not be and should not be used by anyone other than these specified parties.

We appreciate and would like to thank the Township of Ishpeming, Michigan's staff for the cooperation and courtesy extended to us during our audit. We would be pleased to discuss any comments or answer any questions regarding our audit with you at your convenience.

*Anderson, Tackman & Company, PLLC*  
Certified Public Accountants

September 4, 2008



# ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

## PARTNERS

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September 4, 2008

Honorable Supervisor and Members  
of the Township Board of Trustees  
Township of Ishpeming, Michigan  
1575 U.S. Highway 41  
Ishpeming, Michigan 49849

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Ishpeming, Michigan for the year ended March 31, 2008, and have issued our report thereon dated September 4, 2008. Professional standards require that we provide you with the following information related to our audit.

### Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 1, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on July 1, 2008.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township of Ishpeming, Michigan are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Honorable Supervisor and Members  
of the Township Board of Trustees  
Township of Ishpeming, Michigan

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of our audit procedures were corrected by management:

- Adjustment to bring various funds into balance.
- Adjustment to bring prepaid expenditures to actual at year end.
- Adjustment to bring Trust & Agency accounts to actual at year end.
- Adjustment to bring investments to actual at year end.
- Adjustments to bring accrued wages and payroll liabilities to actual at year end.
- Adjustments to bring Fixed assets to actual at year end.
- Adjustments to bring Long-term debt to actual at year end.
- Adjustment to book accounts receivable.
- Adjustments to Ishpeming Area Wastewater Treatment Facility accounts.
- Adjustments to bring Utility fees and receivables to actual at year end.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 4, 2008.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township of Ishpeming, Michigan's ability to initiate, authorize, record, process, or report financial data

Honorable Supervisor and Members  
of the Township Board of Trustees  
Township of Ishpeming, Michigan

reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township of Ishpeming, Michigan's financial statements that is more than inconsequential will not be prevented or detected by the Township of Ishpeming, Michigan's internal control. We consider the deficiencies described in the accompanying report to management to be significant deficiencies in internal control over financial reporting as item 08-01.

As part of obtaining reasonable assurance about whether the Township of Ishpeming, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying report to management as items 08-02 and 08-03.

This information is intended solely for the use of the township board and management of the Township of Ishpeming, Michigan and is not intended to be and should not be used by anyone other than these specified parties.

*Anderson, Tackman & Company, PLLC*  
Certified Public Accountants